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ACCELERATED MICROENTERPRISE ADVANCEMENT PROJECT (AMAP) FINANCIAL SERVICES IQC

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AMAP DMS Task Order Strengthens PRIDE Malawi's Leadership

After signing an MOU in October 2005 with the DMS team, microfinance institution, PRIDE Malawi identified supervision deficiencies as its most pressing concern. This concern stemmed from employees being promoted to managerial positions without sufficient preparation.

DMS responded to PRIDE's concern by assessing the needs of their credit supervisors, developing a customized training program, and conducting the training for the supervisors.

As a first step, DMS selected process mapping as one of the tools to conduct the needs assessment. Then DMS led a half-day introductory training on process mapping for PRIDE's management team, including six senior managers and the acting general manager. Finally, after establishing the training goals with PRIDE, DMS facilitated a supervisors'

Inside This Report

Malawi Deepening the Microfinance Sector	1
Financial Services Knowledge Generation	2
New Task Orders and RFPs	3
Publications	3
Financial Summary	4

training in Blantyre from December 14-16, 2005. Representing three regions and various branches, a total of 18 supervisors, including PRIDE's head of operations, head of auditing, and credit operations officer, attended the three-day training. The training covered microfinance best practices and their relevance to PRIDE Malawi, supervision and leadership, management of information flow, branch performance analysis, branch/regional performance versus targets, time management, and communications and team building.

In a debriefing session, DMS capacity building specialist presented the key findings from the training to PRIDE's acting general manager. The DMS team identified a general lack of compliance with policy, inadequate staff orientation and training, a flawed performance based incentive system, and a divergence of ideals between management and the field staff as areas of concern. PRIDE's general manager said he planned to take immediate action on these problems.

At the request of PRIDE, DMS will also assist PRIDE Malawi with upgrades to the organization's headquarters' computer system in the first quarter of 2006.

CHEMONICS CONSORTIUM PARTNERS

American Refugee Committee
Refugee and post-conflict microfinance

Bankworld, Inc.
Financial institution regulation and supervision

echange, L.L.C.
Information technology, training, change management

Enterprising Solutions Global Consulting, L.L.C.
Program assessment and design, enterprise development

The IRIS Center, The University of Maryland
Enabling environment; regulation and supervision

The Marriott School at BYU
Research, impact assessments; client satisfaction

Shorebank Advisory Services
Small business loan product design and bank training

DMS Task Order Supports National Conference in Malawi Uniting Microfinance Stakeholders

The AMAP DMS project teamed up with the UN to sponsor a national microfinance conference on November 28-29, 2005 in Lilongwe, Malawi. DMS COP Victor Luboyeski led technical preparations for the conference, which brought together more than 100 stakeholders representing a broad cross section of private companies, government officials, nongovernmental organizations, and donors.

Meetings and focus group discussions prior to the conference identified issues to be examined, including poor institutional governance, inadequate infrastructure, weak institutional capacity, and market distortions caused by government activities. Other topics discussed were the high delivery cost of rural finance, distortions limiting the expansion of sustainable rural microfinance, methods for mitigating market distortions, and new markets for microfinance in Malawi.

Under the title of “Building an Inclusive Financial Sector in Malawi,” the conference explored the following four themes: the legal and regulatory framework for microfinance and non-bank financial institutions; rural and agricultural finance; best practices for microfinance institutions; and new markets in Malawi for rural finance. Sessions, including one for each theme, were led by the Reserve Bank of Malawi, the Malawi Rural Finance Company, the Malawi Microfinance Network, and the Africa Institute for Corporate Citizenship. The conference facilitated lively discussions and led to a shared understanding of Malawi’s microfinance sector and its various risks, opportunities, and future challenges.

A final report of conference proceedings is expected to be released in January 2006.

AMAP Knowledge Generation Invigorates SEEP Annual General Meeting

Two Chemonics research teams—one on transition to private capital (TPC) and another on rural and agricultural finance (RAF)—developed stimulating research that was presented at the October 2005 SEEP conference in Washington, D.C.

In early September, the TPC research team—composed of Enterprising Solutions, Chemonics, ACCION, and eChange—began to research the challenges and role of PVOs in the commercialization and transition to private capital of microfinance. The team presented and discussed its results on October 24 in a one-day workshop during the SEEP conference. The one-day workshop attracted approximately 30 managers from the leading PVOs involved in the commercialization of microfinance. In addition, later during the conference, approximately 60 participants, including PVOs, rating agencies and donors, took part in a report-out session facilitated by TPC research director Marc de Sousa-Shields.

The results of the TPC research team, including workshop discussions and recommendations for donors regarding commercialization and transition to private capital, are summarized in a microREPORT entitled “PVOs as Owners and Stakeholders in the Transition to Private Capital,” which was submitted to USAID in December 2005 for feedback and approval.

The RAF research team explored new innovations on expanding access to rural and agricultural finance. The research was presented at an October 28 panel discussion during the conference, which approximately 40 participants attended. Innovations covered at the panel discussion included new methods in leasing to rural and agricultural SMEs in Russia, the new micro-agricultural lending product offered by Filipino rural banks, and the introduction of G-cash Text-a-Payment system in the Philippines.

IRIS Outlines Path to Building Investor Confidence for Microfinance

In an October 2005 report that USAID described as enjoyable and educational, IRIS examines two ways in which regulatory considerations affect investor confidence in microfinance—by employing an excessively lax approach or by employing an excessively rigid one. The report, “The Ultimate Balancing Act: Investor Confidence and Regulatory Considerations for Microfinance,” covers themes such as legal status, level of oversight/monitoring, minority investor rights, cost of regulatory compliance, and restrictions on ownership. In October, Chemonics submitted a microNote which will be posted in the next quarter to microLINKS.

Microfinance After-Hours Seminar Series Continues to be a Success

Chemonics continues to play an active role in organizing the microfinance after-hours seminar series. Led by Chemonics’ Sherry Sposeep, the November seminar focused on microfinance in Eastern Europe. Chemonics’ Geetha Nagarajan and ARC’s Tim Nourse led part of the December seminar, which addressed the challenges of providing financial services to special populations, namely youth, HIV/AIDS-affected clients, and populations affected by conflict and natural disaster. A new “speed learning” approach, introduced by Chemonics, allowed the participants of both seminars access to experts in the field on a variety of topics.

Chemonics Kicks Off Preparation Work for USAID Learning Conference

During this quarter, Chemonics’ staff worked closely with consortium members and internal microfinance specialists to begin developing nine

conference session proposals. Sessions under development included RAF innovations; microfinance and technological innovations; transitions to private capital; microfinance and youth; microfinance, conflict, and natural disasters; and measuring social performance among MFIs.

Publications

This quarter, several deliverables were finalized and approved by USAID and are available on microLINKS or in the process of being posted to the website.

- *Legal and Regulatory Frameworks for Access to Finance: A Policy and Programming Tool*
- *Model Scope of Work for LRFAF tool*
- *The Ultimate Balancing Act: Investor Confidence and Regulatory Considerations for Microfinance*
- *Strategies for Access to Local Capital: Private Sector Investors and Microfinance*
- *Private Voluntary Organizations as Owners and Stakeholders in the Transition to Private Capital*
- *Audio power point presentation on Financing Microfinance Institutions: the Transition to Private Capital*
- *Proposal for a Social Performance Measurement Tool*
- *Serving Youth with Microfinance: Perspectives of MFIs and YSOs*
- *Microfinance, Youth and Conflict in the West Bank*
- *Microfinance, Youth and Conflict in Central Uganda*
- *Microfinance, Youth and Conflict: Guidelines for Field Research Using Qualitative Tools*

Activities and Accomplishments during the Reporting Period

Table 1. Task Orders Submitted

Title	USAID Mission	Estimated Task Order Amount	Date Submitted	Status of Task Order Award
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No task orders were completed during this quarter.

Table 2. Task Orders Awarded

Title	USAID Mission	Task Order Amount	Date Awarded	Expected Start Date	Expected End Date
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Technical Assistance in Support of the Haiti Development Credit Authority (DCA) Program	USAID/Haiti	\$527,859	12/29/05	1/09/06	9/30/07
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Table 3. Task Orders Completed

Title	USAID Mission	Task Order Amount	Date Awarded	Start Date	End Date
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No task orders were completed during this quarter.

AMAP/Microfinance IQC Financial Summary

Task Order	Year 1 2002– 2003	Year 2 2003– 2004	Year 3 2004– 2005	Year 4 Oct-Dec 2005	TOTAL
Task Order 804: Deepening the Microfinance Sector in Malawi	\$0	\$12,280	\$635,012	\$177,699	\$637,323
Task Order 803: Assessment of Village Savings and Loan Associations in Guinea	\$0	\$0	\$163,754	\$0	\$163,754
Task Order 801: Malawi Microfinance Sector Assessment	\$0	\$64,762	\$0	\$0	\$64,762
Task Order 800: Bolivia RFS Evaluation	\$45,565	\$0	(\$37)	\$0	\$45,528
Task Order 03: Technical Assistance in Support of the Haiti DCA Program	\$0	\$0	\$0	\$0	\$0
Task Order 01 – Knowledge Generation	\$0	\$361,657	\$865,710	\$231,115	\$1,458,479
Total	\$45,565	\$438,696	\$1,664,439	\$408,814	\$2,557,514

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc. in conjunction with AMAP consortium members American Refugee Committee, Bankworld, echange, Enterprising Solutions, IRIS and Shorebank Advisory Services.

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

For more information on the Accelerated Microenterprise Advancement Project Financial Services Component, please visit <http://www.microlinks.org> or contact Barry Lennon, Cognizant Technical Officer at blennon@usaid.gov or at (202) 712-1598.